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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING JANUARY 1, 2006 AND ENDING DECEMBER 31, 2006  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

**MEDALIST SECURITIES INC.**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**100 Shockoe Slip  
2<sup>nd</sup> Floor  
Richmond, VA 23219**

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

**Steven C. Bender**

**646.290.7248**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Harris, Hardy & Johnstone, P.C.**

(Name - if individual, state last, first, middle name)

**9211 Forest Hill Avenue, Suite 101** **Richmond, VA** **23235**  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

**PROCESSED**

**MAR 20 2007**

**THOMSON FINANCIAL**

FOR OFFICIAL USE ONLY
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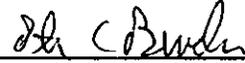
\* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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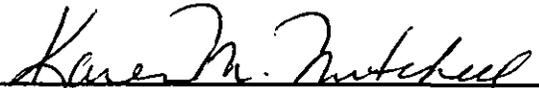
## OATH OR AFFIRMATION

I, **Steven C. Bender**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of **Medalist Securities, Inc.** as of **DECEMBER 31, 2006**, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows: **NONE**.



Signature

**Financial & Operations Principal**  
Title

  
Notary Public

KAREN M. MITCHELL  
No. 01M18138824  
Notary Public, State of New York  
Qualified in Erie County  
My Commission Expires Dec. 27, 2007

This report \*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent Auditor's Report on Internal Control

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# HARRIS, HARDY & JOHNSTONE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

9211 FOREST HILL AVENUE, SUITE 101

RICHMOND, VIRGINIA 23235

TELEPHONE (804) 560-0560 FAX (804) 560-0553

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TIMOTHY R. HARRIS, CPA  
WILLIAM E. HARDY, CPA  
FRANKLIN R. JOHNSTONE, CPA

PHILIP G. TIBBS, CPA  
FRANK S. WARREN, JR., CPA, PFS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of  
Medalist Securities, Inc.

We have audited the accompanying statement of financial condition of Medalist Securities, Inc. (the "Company") as of December 31, 2006, and the related statements of operations, changes in shareholder's equity, and cash flows for the period from May 19, 2005 (date of inception) to December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Medalist Securities, Inc. as of December 31, 2006, and the results of its operations and its cash flows for the period from May 19, 2005 (date of inception) to December 31, 2006, in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Harris, Hardy & Johnstone, P.C.*

Richmond, Virginia  
February 20, 2007

MEDALIST SECURITIES, INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2006

ASSETS

CURRENT ASSETS

Cash and cash equivalents

\$ 33,726

TOTAL ASSETS

\$ 33,726

LIABILITIES AND SHAREHOLDER'S EQUITY

LIABILITIES

Accounts payable

\$ 150

Accrued expenses

5,000

TOTAL LIABILITIES

5,150

SHAREHOLDER'S EQUITY

Contributed capital

50,000

Accumulated deficit

(21,424)

TOTAL SHAREHOLDER'S EQUITY

28,576

TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY

\$ 33,726

See Independent Auditor's Report and Notes to Financial Statements.

END